

Packard Bell's Alagem Buys AST Research

■ Acquisition: A new company will be created from the Irvine-based Samsung unit to develop PCs, monitors, and Internet servers.

From Times Wire Services

Beny Alagem, the co-founder and former chief executive of **Packard Bell**, said Sunday that he has purchased a subsidiary of Samsung Electronics to create a new Internet-driven company geared toward small and medium-size businesses.

Alagem bought Irvine-based **AST Research** Inc., a U.S. subsidiary of the South Korean electronics giant, for an undisclosed sum. Sunday's deal gives him ownership of the AST brand name as well as an exclusive license to the company's intellectual property portfolio.

The new company, to be named AST Computers, will be based in Los Angeles and will develop personal and laptop computers, monitors and Internet servers.

AST Research will exist for now before it is absorbed into the new company some time in the future, Alagem said.

No layoffs are planned, he added. Despite the growing computer industry, small and medium-size businesses remain underserved, Alagem said.

"We feel with its brand name and infrastructure, we can proceed in

getting a bigger prominence . . . and become a strong leader in the industry," he said.

Soon Taek Kim, president and CEO of AST Research, said in a prepared statement, "We have every confidence that the new company will have a great future under the leadership of his management team."

Alagem declined to reveal how much he spent for AST Research but said he will own 65% of the new entity while Samsung will own the other 35%.

AST has long been a drain on earnings. AST lost \$350 million in 1997, its last public statement on earnings, extending its losing streak to five years.

Alagem resigned from Packard Bell NEC in June because of what he said were differences with shareholders **NEC Corp.** and **Groupe Bull**.

Samsung Electronics is a unit of **Samsung Group**, South Korea's second-largest conglomerate.

Samsung, like other Korean business groups, is looking to shed unprofitable foreign businesses to help offset the effect of slowing sales domestically as the economy's recession bites into revenue.

It is also facing increased competition at home. Samsung's domestic rival, **Hyundai Group**, agreed to buy **LG Group**'s semiconductor business. The agreement will create the world's second-largest computer memory chip firm behind Samsung Electronics.